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Prime Minister's schedule, February 5

NIKKEI (Page 2) (Full)
February 6, 2008

07:40

Met with Deputy Chief Cabinet Secretary Iwaki at the Kantei.

08:31

Cabinet meeting in the Diet building.

09:00

Upper House Budget Committee meeting.

14:02

Met with Chief Cabinet Secretary Machimura.

15:04

Met with Indian Congress member Rahul Gandhi. Then issued an appointment letter to Special Advisor to Cabinet Kusaka. Machimura

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was present.

15:56

Met with former LDP Secretary General Nakagawa, followed by Special Advisor to Cabinet Nishimura.

17:03

Received a report from Chairman Okamura of the advisory body on comprehensive reform of the public servant system. State Minister for Administrative Reform Watanabe was present. Then met with Deputy Chief Cabinet Secretary Futahashi.

18:43

Met with Albanian Prime Minister Berisha. Then dinner meeting hosted by the prime minister. Former Prime Minister Mori attended.

20:51

Met with Mori at the official residence.

4) At JCMB meeting, Japan announces it will freshly offer 12.8 billion yen in aid to Afghanistan

ASAHI (Page 4) (Slightly abridged)
February 6, 2008

Kazuhito Tsukamoto

The Joint Coordination and Monitoring Board (JCMB), a group of bureau director-level officials from 24 countries and international institutions engaged in assistance to Afghanistan to discuss the rehabilitation of that country, kicked off its two-day meeting in Tokyo yesterday. Joining the meeting from Afghanistan were 13 cabinet members including Foreign Minister Spanta. The meeting adopted a communique revealing that the participants agreed to step up efforts together to deal with such tasks as terrorism and narcotics.

Foreign Minister Koumura delivered an opening speech, in which he declared Japan would newly offer a total of 110 million dollars (12.8 billion yen) in aid, including 9 million dollars for improving border management via the Afghan government and 13 million dollars for literacy education via the United Nations Educational, Scientific and Cultural Organization (UNESCO).

5) Foreign Minister Spanta asks Japan for dispatching PRT consisting of civilians

ASAHI (Page 4) (Full)
February 6, 2008

Tsutomu Ishiai

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Visitng Foreign Minister Spanta yesterday responded to an interview with an Asahi Shimbun reporter, in which the foreign minister indicated that he expects Japan to consider sending a provincial reconstruction team (PRT) consisting mainly of civilians. On the issue of narcotics, which have been financial sources for radical groups, such as the Taliban, Spanta noted: "The ongoing meeting will come up with a comprehensive action plan. By obtaining international cooperation, we will eliminate them in a 7-8 year timeframe."

The PRT is a group composed of military personnel and civilians. The

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group establishes a base for activities in an area where conflicts are still continuing and engages in reconstruction assistance while securing safety and public order. In Afghanistan, European countries belonging to the North Atlantic Treaty Organization (NATO) have mobilized their PRTs.

Spanta cited the case of Turkey's PRT consisting mainly of civilians, including troops for noncombat purposes, and deployed in mid-Afghanistan's province of Wardak and noted: "There are various types of PRTs. Most areas in Afghanistan are safe and stable. I think it is not a serious issue whether civilians engage in reconstruction assistance."

Spanta added, "The important thing is for Japan to work together with us in reconstruction, as well as in the peace-building process. It is Japan that will decide in what form it will join."

As for Japan's resumption of the refueling mission in the Indian Ocean, Spanta expressed gratitude by noting: "It is indirect support for the operations against terrorism. It is very important for Afghanistan, as well."

6) Japan to recognize Kosovo as independent state early, following EU and U.S.

ASAHI (Page 1) (Excerpts)
February 6, 2008

In the event the Autonomous Province of Kosovo, now under the United Nations Interim Administration Mission, declares its independence, the government intends to recognize it as a state swiftly, following Western countries. The autonomous government of Kosovo with a huge Albanian population is set to declare independence possibly later this month in cooperation with the United States and the European Union. Prime Minister Yasuo Fukuda held a meeting last night with visiting Albanian Prime Minister Sali Berisha and exchanged views on the situation in Kosovo as well.

As the chair of the G8 Summit this year, the government is in a position to coordinate views with other countries. For this reason, the government is cautious about recognizing Kosovo as an independent state at the same time as the EU and the U.S. But in the wake of the reelection of Serbian President Boris Tadic who is on friendly terms with Western countries, the government has begun discussions on recognizing Kosovo as a state early, thinking buds of a peaceful settlement have begun to sprout.

Kosovo was initially expected to declare independence immediately after a victory by the far-right candidate in the Serbian presidential race. But with Tadic's reelection, the declaration of independence is likely to delay. Japan intends to make a decision based on the case of Bosnia and Herzegovina that have become independent of the former Yugoslavia.

7) In response to "Fukuda's personal letter," Russian president agrees to put bilateral relations on higher level

SANKEI (Top play) (Excerpts)
February 6, 2008

It was learned yesterday that Russian President Putin had responded to Prime Minister Yasuo Fukuda's personal letter handed by former

Prime Minister Yoshiro Mori when Putin and Mori met in last December. Putin in his written reply gave his assent to Fukuda's proposal indicated in his personal letter to put Japan-Russia relations on a higher level, by saying, "I agree." This is taken to mean "an expression of the president's strong enthusiasm to resolve the Northern Territories issue," one Foreign Ministry official explained.

The Fukuda cabinet has set a goal of putting Japan-Russia relations on a higher level. Specifically, according to a government official, it means "to resolve the Northern Territories issue, conclude a peace treaty and dramatically improve Japan-Russia relations as a whole."

Fukuda in his policy speech delivered in the Diet on Jan. 18 emphasized: "I will facilitate territorial negotiations in order to raise relations with Russia to a higher level." At a press briefing yesterday, Foreign Minister Masahiko Koumura noted, "If the Northern Territories are not returned to Japan, we can't expect to have a higher level of relations (with Russia)."

Reportedly, during a teleconference held in last October, Putin told Fukuda that "I would like to meet with Prime Minister Fukuda and discuss (the territorial issue) with him."

The Russian government has asked Koumura to visit to Russia as soon as possible. In this regard, coordination is underway in the Ministry of Foreign Affairs to realize Koumura's visit to Russia in March, if the Diet calendar allows him to do so. There is also an argument in the government that the Northern Territories issue should be put on agenda for the upcoming Group of Eight Summit in Lake Toya, Hokkaido, (G8 Toyako Summit) in July.

The government has welcomed a positive response from Putin to Fukuda's personal letter calling for a resolution of the Northern Territories issue, as well as an expression of Putin's strong enthusiasm about territorial talks. However, the government does not have any prospect for territorial talks at present because it remains to be seen how far the president, who at one point had hardened his attitude, noting, "There are no islands to return," will come to terms with Japan.

"We have been making a number of efforts, but frankly speaking, our efforts have failed to bear fruit so far," Chief Cabinet Secretary Nobutaka Machimura said at a press conference on Feb. 4 ahead of "Northern Territories Day" on Feb. 7. He admitted that territorial talks have been rough going.

8) Government offers new proposal to China for jointly developing two of four gas fields first

YOMIURI (Page 1) (Excerpts)
February 6, 2008

The Japanese government has offered a new proposal in negotiations on joint development of disputed natural gas fields in the East China Sea, according to informed sources yesterday. Japan had initially called on China for the joint exploration of four gas fields - Shirakaba (Chunxiao in Chinese), Asunaro (Longjing), Kusunoki (Duanqiao), and Kashi (Tianwaitian). But the new proposal suggests developing first Shirakaba and Kashi, as well as areas around the gas fields, putting off the development of the other two

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fields. The government aims to minimize points at issue between the two countries by giving priority to reaching an agreement on the joint exploration of the Shirakaba and Kashi gas fields, where China has already made preparations for the start of production.

A senior Japanese government official made the new proposal to China early this month. The two governments hope to reach a conclusion on the issue prior to the planned visit to Japan by Chinese President Hu Jintao this April. They have decided to hold a vice ministerial

meeting in Beijing within this month to iron out differences in both sides' views.

9) Government presents new practical proposal for developing two gas fields first in bid for early agreement with China

YOMIURI (Page 2) (Full)
February 6, 2008

(Commentary)

The Japanese government has made a new proposal under which Japan and China would give priority to reaching an agreement on the joint exploration of Shirakaba (Chunxiao) and Kashi (Tianwaitian), two of the four disputed natural gas fields in the East China Sea. By offering a practical proposal, the government aims to reach an agreement prior to the deadline for concluding negotiations, that is, the planned visit to Japan by Chinese President Hu Jintao in April.

A Japanese official involved in negotiations with China said: "It is desirable for both sides to reach a complete settlement by subjecting areas including the four gas fields to joint development and then drawing a boundary line. But this idea is not practical. The two-stage approach is more feasible."

The Japanese government fears that the new proposal may put its initial proposal for joint development of the four gas fields on the back burner. At the same time, Japan has said that it wants to see areas subject to joint exploration widened to cover areas on the Chinese side of the demarcation line that Japan claims, even if only slightly.

Late last year, China made a policy switch to approve Japan's joint-development proposal, limiting areas for joint exploration to locations on the Japanese side of the demarcation line. Recently, China reportedly has begun to indicate a willingness to approve development of areas that cover almost up to the demarcation line. A government source said that the gap in Japanese and Chinese views on areas subject to joint development is narrowing. Will both sides be able to gain a foothold toward joint development of a wider area? Last-minute negotiations will start soon.

10) Dip note fails to ban fuel diversion

TOKYO SHIMBUN (Page 2) (Full)
February 6, 2008

The Japanese government yesterday exchanged diplomatic notes with the governments of the United States, Britain, France, and Pakistan on arrangements for the Maritime Self-Defense Force's refueling activities in the Indian Ocean. The exchange of notes says the MSDF's refueling services to be resumed there are only for their

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naval vessels engaging in antiterror maritime interdiction operations. However, the government did not expressly prohibit fuel diversion in the exchange of notes. The government will now need to create an operational mechanism that will make it possible to grasp how MSDF fuel is used.

In November last year, the Antiterrorism Special Measures Law expired. Under that law, Japan exchanged notes with these four countries. That exchange of notes only described that the MSDF would provide fuel to foreign naval vessels under the law. MSDF fuel, however, was alleged to have been used for other purposes, such as military operations for the Iraq war.

The exchange of notes this time prescribes that the MSDF will provide fuel to foreign naval vessels operating in the Indian Ocean for antiterror maritime interdiction operations. The government says the MSDF will identify foreign vessels for its refueling services to prevent fuel diversion.

However, there is no denying the case where a foreign naval vessel engaging in different activities could be indirectly refueled

through another country's supply ship.

The government failed to prescribe a "no fuel diversion" clause in the exchange of notes. Instead, the government wants to cover that portion in MSDF operations. The MSDF will arrange its refueling services in Bahrain, where Japan will receive documents from their countries about their missions and supply ship refueling schedules.

However, that documentation is not binding unlike an exchange of note. Japan has no choice but to depend on their countries for information.

11) Defense Ministry submits additional documentation to Okinawa on assessment for Futenma relocation

MAINICHI (Page 2) (Full)
February 6, 2008

The Okinawa Defense Bureau of the Defense Ministry yesterday submitted an additional document to the Okinawa prefectural government regarding the planned relocation of the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture's central city of Ginowan to a coastal area of Camp Schwab, a U.S. military base in the island prefecture's northern coastal city of Nago. The 383-page document is the Defense Ministry's revised plan for how to carry out an environmental impact assessment.

The Okinawa prefectural government will call a meeting of its review panel on Feb. 8. After that, the prefectural government will comment on the revised plan.

The Okinawa Defense Bureau submitted the original plan to the Okinawa prefectural government on Aug. 7 last year. However, the prefectural government asked the bureau to rewrite the plan, explaining that it was insufficient in substance.

According to the revised document, the government plans to build a new airfield with a total area of about 210 hectares. The new airfield's runway is about 30 meters wide. The revised document also revealed that the new airfield is for four helicopter types, including the CH-53, and two fixed-wing aircraft types. Meanwhile,

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the Defense Ministry has explained the traffic pattern of aircraft to be stationed at the new airfield. However, the revised document says their flight routes have yet to be determined. The defense bureau has forgone its answer about actual flights for noise monitoring.

12) Iwakuni race a dead heat between Fukuda, Ihara

ASAHI (Page 25) (Abridged)
February 6, 2008

The city of Iwakuni in Yamaguchi Prefecture will elect its new mayor on Feb. 10. The point at issue is whether to accept the proposed redeployment of U.S. carrier-borne fighter jets to the U.S. Marine Corps' Iwakuni base. The Asahi Shimbun conducted a telephone-based survey of the city's voters on Feb. 4-5 and analyzed the situation. The race has now become a dead heat between Yoshihiko Fukuda, a pro-redeployment candidate who was a House of Representatives member of the Liberal Democratic Party, and former Iwakuni Mayor Katsusuke Ihara, who is opposed to the transfer of U.S. jets to Iwakuni base. In the survey, however, about 20 PERCENT of those polled remained undecided. The Fukuda and Ihara camps are desperately trying to lock on the city's voting population.

Fukuda, backed by the LDP and New Komeito, are expected to garner votes from more than 70 PERCENT of LDP supporters. He is now steadily gaining support from more of New Komeito's supporters. He has also gained support from a little over 40 PERCENT of those who have no party to support. He has support from 60 PERCENT of those in their 30s and those in their 40s.

Meanwhile, Ihara is supported by Democratic Party of Japan (Minshuto), Japanese Communist Party, and Social Democratic Party

(Shaminto) supporters. He has now gained support from more than 70 PERCENT of the DPJ's supporters and is also about to gain support from almost all of the JCP's supporters and the SDF's supporters. He is above Fukuda among the floating voters. Among homemakers and those aged 70 and over, there are many in support of Fukuda.

The survey was conducted Feb. 4-5 over the telephone on a computer-aided random digit dialing (RDD) basis with the aim of calling a total of 1,000 voters in Iwakuni City. Respondents were chosen on a three-stage random-sampling basis. Valid answers were obtained from 1,091 persons (66 PERCENT).

13) Ozawa puts priority on abolishing the provisional tax rates partly to apply pressure on LDP regarding taxation measures law revision talks

NIKKEI (Page 2) (Excerpts)
February 6, 2008

Democratic Party of Japan President Ichiro Ozawa, holding a press conference in Osaka yesterday, made the following comment regarding a response to a plan to revise the Special Taxation Measures Law over the provisional tax rates as road-construction revenues: "If the ruling bloc can come to terms (with us), the matter can be dealt with without the provisional tax rates. It is not that the subject of using road-related tax revenues for general purposes and the abolition of the provisional tax rates should absolutely go hand in hand." Ozawa revealed a view that it is possible to make concessions first on abolishing the provisional tax rates.

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About the reason to give priority to abolishing the provisional rates, Ozawa said: "Although using road-related tax revenues for general purposes and abolishing the provisional tax rates are inseparable, the provisional taxes have been introduced over 30 years ago. And oil prices are soaring." Ozawa is also obviously trying to apply pressure on the LDP, which has been reluctant to hold revision talks due to resistance by its members with ties to road construction interests.

About the agreement to "reach a certain conclusion within the current fiscal year," worked out by mediation by the Lower House speaker and the Upper House president, Ozawa said: "As far as what I learned, the matter will not necessarily have to be brought to a vote straightforwardly."

14) DPJ working upon local areas by holding open forums and establishing policy groups

NIKKEI (Page 2) (Abridged)
February 6, 2008

The major opposition Democratic Party of Japan (DPJ or Minshuto) is working strongly on local governments on the issue of abolishing the road-construction provisional tax rates. Deputy President Naoto Kan will hold an open forum with Miyazaki Governor Hideo Higashikokubaru. A group of Lower House members who formerly served as local heads, such as former Izumo Mayor Tetsundo Iwakuni, also launched a policy group yesterday. But already, Lower House Vice-Speaker Takahiro Yokomichi has left the group due to a protest from the LDP.

Launched yesterday is a group called itself Gyousei Demokurattsu no Kai (Group of Administrative Democrats). Its members are Akio Fukuda, Katsumasa Suzuki, and Seiji Osaka. Their strategy is to persuade local regions strongly opposed to abolishing the provisional tax rates by utilizing their experience in local administration. In a press conference, Osaka said: "We would like to speak on behalf of local heads who really want to see the road-related tax revenues be incorporated into general revenues." The group is studying ways to cooperate with former local heads.

In addition to the open forum with nationally well-known Higashikokubaru, the party plans to hold a forum later this month with Fukuoka Governor Wataru Aso, chair of the National Governors'

Association. The party is aiming to stir public opinion by playing up the general revenue approach allowing local governments to determine the use of tax revenues freely.

15) Communication channels developed between ruling and opposition parties

NIKKEI (Page 2) (Excerpts)
February 6, 2008

Diet members from different parties are now actively working to form suprapartisan study groups and parliamentary leagues with an eye on the lingering notion that "a grand coalition" of the ruling Liberal Democratic Party (LDP) and largest opposition Democratic Party of Japan (DPJ or Minshuto) will eventually be formed. They are carefully watching the possibility of political realignment occurring should the House of Representatives be dissolved and a

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snap election called. There is a mood in political circles that something is still afoot, even though the prevailing view is that the possibility of an early Lower House dissolution, triggered by the issue of the provisional tax rates for road projects, has slipped away.

"I am glad that the media are paying attention even though they are getting the wrong idea," said DPJ Secretary General Yukio Hatoyama in a study session on promotion of computerized local governments. Former LDP Secretary General Taro Aso is a co-organizer of the session. Hatoyama and Aso aim to set up in March a parliamentary group to help local governments promote computerized administrative procedures.

Hatoyama's denial of the connection between their move and the idea of forming "a grand alliance" evoked laughter from participants, all of who are members of the Aso faction in the LDP. Shunichi Yamaguchi, an Aso faction member, told reporters: "There is a possibility that the wrong idea that Hatoyama mentioned will become the right idea."

It has often happened in the capital district of Nagatacho that politicians deepen cooperation through study sessions and parliamentary groups. Closeness of ties between Aso, who is regarded as strongest candidate to succeed Prime Minister Yasuo Fukuda, and the DPJ secretary general means "assurance" for any possible political realignment after the Lower House election.

In contrast to the conservative Aso, a group of liberals, including Taku Yamasaki and Koichi Kato, who were often at odds with the former Abe administration, will visit South Korea on Feb. 10-11. They will be part of a suprapartisan mission that includes DPJ lawmakers Yoshito Sengoku and Yukio Edano.

Yamasaki's pet argument is that a political realignment of forces in the LDP and DPJ that share the same values is possible. Yamasaki and Kato appear to be paving the way for a liberal alliance, which would serve as a countermove against "a grand coalition" of the LDP and DPJ.

Another reason for the formation of parliamentary groups is an effort to find a way for smoothly managing the politically divided Diet, in which the opposition camp controls the Upper House and the ruling coalition holds the majority in the Lower House.

Taro Kono and Kenichi Mizuno of the LDP and Sumio Mabuchi and Goshi Hosono of the DPJ will announce today a joint statement calling for Diet reform. The group of junior Diet members is expected to seek aggressive utilization of lawmaker-sponsored bills, as well as abolition of the pre-screening system on cabinet-initiated bills.

16) Kishida to be in charge of consumer administration

MAINICHI (Page 1) (Full)
February 6, 2008

Prime Minister Yasuo Fukuda yesterday decided to appoint State

Minister for People's Life to double as state minister for unifying consumer administration. It is also most likely that Takeshi Sasaki, professor at Gakushuin University, will chair an experts council to consider the specifics of a new entity that will have unified functions of related government agencies under its umbrella. The

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decision is expected to be announced possibly on Feb. 6.

The prime minister had originally planned to consider the specifics of the envisaged new organization over six months. However, following the poisoning incident from Chinese-made gyoza dumplings, he decided to speed up the schedule. The experts council "Consumer Administration Promotion Council" will be set up in the Cabinet Office Secretariat. The membership will likely be about 10, including Sasaki, Kumamoto Governor Yoshiko Shiotani. The panel will hold its first meeting possibly next week and reach a conclusion around April or May. Kishida will spearhead efforts to unify consumer administration, based on discussions pursued by the panel.

17) Adoption of bill regulating foreign investment in airports:
Chief cabinet secretary hints at postponement

MAINICHI (Page 2) (Full)
February 6, 2008

Commenting on a bill amending the Airport Development Law, which incorporates a restriction on foreign investment in airport operators, drawing criticism from cabinet ministers and the LDP, Chief Cabinet Secretary Nobutaka Machimura during a press conference on the afternoon of Feb. 5 noted, "We must come up with an answer on a timely basis. We will coordinate views on the bill at some point." He thus hinted at a possible delay in the adoption of the bill at a cabinet meeting, which was originally slated to be held on the 8th.

State Minister for Financial Policy Yoshimi Watanabe, State Minister for Economic and Fiscal Policy Hiroko Ota and State Minister for People's Life Kishida expressed their opposition during a press conference yesterday, saying that such a bill could give the impression that Japan is closing itself to the outside. The LDP has also postponed intraparty procedures.

18) Row over restricting foreign ownership of airports between form Abe team and Transport Ministry

TOKYO SHIMBUN (Page 2) (Full)
February 6, 2008

A bill amending the Airport Development Law, compiled by the Land, Infrastructure, and Transport Ministry based on its plan to limit foreign stakes in airport operators, was discussed at a joint meeting yesterday of the Liberal Democratic Party's Land and Transportation Division and Special Committee on Aviation. In the meeting, members of the former Abe team composed of those who assumed key posts in the Abe administration, including former Chief Cabinet Secretary Yasuhisa Shiozaki, strongly opposed the proposed regulations, on the grounds that the plan contradicts the policy of opening up the aviation market. As a result, the bill unprecedentedly was not approved in the meeting.

In the former Abe cabinet, Abe Shiozaki engaged in drawing up the Asia Gateway Initiative, which called for aviation liberalization, such as a measure to open Haneda Airport to international flights. State Minister in Charge of Financial Policy Yoshimi Watanabe, State Minister in Charge of Economic and Fiscal Policy, and State Minister in Charge of Regulatory Reform, all of whom had also assumed the current respective posts under the Abe cabinet, expressed in opposition to the proposed regulations in press conferences.

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Chief Cabinet Secretary Nobutaka Machimura said yesterday that he will make efforts to coordinate views, but it seems difficult to coordinate views between the Transport Ministry and the former Abe

team.

At the outset of the joint meeting, House of Representatives member Kenji Harada presented a list of signs of 67 lawmakers calling foreign-ownership regulations. Aviation Bureau Director General Hisayasu Suzuki of the Transport Ministry emphasized the necessity of regulations, remarking: "Japanese companies give consideration to the safety of the Japanese people, but foreign firms do not."

Members of the former Abe team fiercely reacted to Suzuki's remark, with Hironari Seko, former special assistant to the prime minister, asserting: "Airport operators have been offering lucrative post-retirement jobs for Transport Ministry officials. They have established a high-cost structure, so such companies are targeted by domestic and foreign firms." Shiozaki also claimed: "A wrong message will be sent." With no agreement reached, it was decided to hold talks again today.

19) Next BOJ governor: Coordination underway in DPJ with possibility of approving promotion of Muto to stave off vacuum if post unfilled

TOKYO SHIMBUN (Page 1) (Full)
February 6, 2008

The term of Bank of Japan Governor Toshihiko Fukui expires on March 19. The government plans to promote Deputy Governor Toshiro Muto (64) to replace him. The Democratic Party of Japan (DPJ or Minshuto) has started undertaking coordinating internally with the possibility of approving Muto's promotion, if the government proposes it.

The DPJ in 2003 opposed the appointment of Muto as deputy governor, citing his experience of serving as administrative vice finance minister. The party based its argument on the notion of separation of fiscal and monetary administration. However, amid growing uncertainty about the future of the economy, it has leaned toward the judgment that in order to avoid possible economic turmoil should the BOJ governor's post be unfilled, it would be unavoidable to adopt a flexible stance regarding the selection of a new governor.

One senior DPJ member close to President Ichiro Ozawa said, "We do not mind approving Muto, if he is independent and free from any influence from the Finance Ministry."

However, some members are opposing such a decision, noting, "The party opposed his taking office as vice governor (in 2003). It is strange for it to approve him now." The party leadership, including Ozawa, is expected to reach a final judgment, after proceeding with the coordination of views in a cautious manner. However, growing opposition to approving Muto could affect the decision of Ozawa and other leadership officials.

The selection of BOJ governor requires approval of the Lower and Upper Houses. Unlike bills, there is no regulation allowing the Lower House to hold a second vote. Chances are high that if the DPJ, which became the dominant party in the July Upper House last year, opposes, the Upper House would disagree with his selection. As such, the DPJ's response has been drawing attention.

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